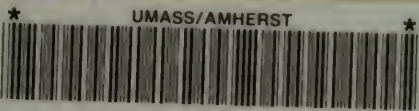


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Q&A

As the Survivor of a Retired Member

GOVERNMENT DOCUMENTS

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TEACHERS'
RETIREMENT
BOARD**

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This booklet, written by the MTRB's Research Department, was prepared exclusively for use by members of the Massachusetts Teachers' Retirement System. It is not intended as a substitute for the Massachusetts General Laws nor will its interpretation prevail should a conflict arise between the contents of this booklet and M.G.L. ch.32. Finally, rules governing retirement are subject to change periodically either by statute of the Massachusetts Legislature or by regulation of the Teachers' Retirement Board.

Margaret R. Shea

Director of Research

First Edition: September, 1988

TABLE OF CONTENTS

Membership Information 2

As the Survivor of a Retired Teacher 4

Survivor of an Option A Retiree 8

Survivor of an Option B Retiree 8

Survivor of an Option C Retiree 10

As the Survivor of a Member Retired for Disability . . . 15

Survivor of an Ordinary Disability Retiree 17

Survivor of an Accidental Disability Retiree 18

MEMBERSHIP INFORMATION

Q&A

What is the Massachusetts Teachers' Retirement System?

The Massachusetts Teachers' Retirement System is a contributory retirement system governed by the Commonwealth's retirement law, Chapter 32 of the Massachusetts General Laws. The Teachers' Retirement System, which is the second largest of the Commonwealth's 106 contributory retirement systems, provides retirement, disability, and survivor benefits for Massachusetts teachers and their families.

Q&A

Who manages the Teachers' Retirement System?

The Massachusetts Teachers' Retirement Board administers the Teachers' Retirement System. The Board, which meets at least once a month, votes on every retirement allowance and investigates all claims for accidental and ordinary disabilities. The Board also establishes the rules and regulations of the agency. Finally, the Board oversees the dissemination of services and information to its membership of over 65,000 teachers and 22,000 retirees. The Board is assisted in its many tasks by an executive director. The executive director, together with a staff of 45 professionals, implements the programs and policies of the Board.

The Board is composed of five members chosen in accordance with the enabling statute of the Teachers' Retirement Board. Two members are elected

by the active and retired members of the system. One member, who must be a retired teacher, is appointed by the Governor; one member is chosen by the vote of the other four. The last member and the chairman of the Board is the Massachusetts Commissioner of Education or his designee. Each member, except the chairman, serves a four year term. The length of the chairman's term depends upon the Commissioner of Education.

AS THE SURVIVOR OF A RETIRED TEACHER

Q&A

I am the survivor of a retired Massachusetts teacher. Will I receive a survivor benefit?

You may be eligible to receive survivor benefits from the Teachers' Retirement Board. The retirement option that the deceased member chose at the time of retirement will determine your eligibility for benefits. Once you are deemed eligible to receive a benefit, the member's retirement option will also determine the type of benefit that you will receive.

The Massachusetts retirement law gives members three different ways to receive their retirement allowance. Option A gives a retiree the highest possible retirement allowance. Option A, however, leaves no benefit to a survivor. Option B provides a retiree with an allowance that is approximately 3% to 5% less than an Option A allowance. Upon the death of an Option B retiree, any funds that remain in the member's Annuity Savings Account are paid in a lump sum to a beneficiary. The final option, Option C, pays the smallest retirement allowance to the retired member. Option C, however, provides a survivor with a monthly benefit for the rest of his/her life.

Q&A

I am the surviving spouse of a retired Massachusetts teacher. Will I be eligible to receive group health insurance coverage?

As the surviving spouse of a retired member, you may be eligible for group health insurance benefits. Any health insurance benefit that you may be entitled to will be administered under the insur-

ance program that your spouse was eligible to join upon his/her retirement.

The group health insurance benefits of our retired members are administered in two ways. If a member retired from one of the seventy-seven cities, towns, or school districts which has opted to join the Commonwealth's Retired Municipal Teachers' (RMT) Insurance Program, that individual's health insurance benefits will be administered by the Massachusetts Group Insurance Commission. Individuals who retire from a city, town, or school district which has not joined the RMT Program will continue their group health insurance coverage with their former employer.

A list of the 77 communities which have opted to join the RMT Program appears on the following page. If your spouse retired from one of these districts, you should contact the Senior Unit of the Massachusetts Group Insurance Commission at (617) 727- 4989 for eligibility and benefit information. If the city, town, or school district that your spouse retired from does not appear on the list, you should contact the insurance administrator in that city, town, or school district for information concerning your benefits.

If you are eligible for group health insurance benefits under the RMT Program and you will receive a monthly survivor benefit from the Teachers' Retirement Board, your insurance premium will be deducted from your monthly survivor allowance. Survivors who are eligible for RMT benefits but who will not receive a monthly benefit will pay their insurance premiums directly to the Group Insurance Commission.

If you are eligible to receive health insurance from

Districts Participating in the Retired Municipal Teachers' Insurance Program

Amesbury	North Attleboro
Amherst	North Middlesex Regional
Amherst-Pelham Regional	Norwell
Andover	Orange
Barnstable	Paxton
Berkshire Hills Regional	Peabody
Billerica	Pelham
Blackstone Valley Regional	Pioneer Valley Regional
Blue Hills Regional	Plainville
Bourne	Quabbin Regional
Braintree	Randolph
Bridgewater	Rehoboth
Cohasset	Revere
Dedham	Rockland
Eastham	Rockport
Everett	Rutland
Franklin	Salem
Gill-Montague	Salisbury
Gloucester	Saugus
Granby	Shawsheen Regional
Granville	Vocational
Greater Lawrence	Spencer
Harvard	Spencer-East Brookfield
Hingham	Regional
Holbrook	Stoneham
Holyoke	Stoughton
Hudson	Tewksbury
Lawrence	Upper Cape Cod Regional
Lynnfield	Ware
Martha's Vineyard Regional	Wareham
Medford	Watertown
Millis	West Bridgewater
Milton	Westfield
Monson	West Springfield
Montague	Weymouth
Nantucket	Whitman-Hanson Regional
Narragansett Regional	Wilbraham
Newbury	Winthrop
North Adams	Woburn
North Andover	

a city, town, or school district and you will receive a monthly survivor allowance from the Massachusetts Teachers' Retirement Board, you have the option of having your premium deducted from your monthly allowance. If you do not wish to have this deduction, you must notify the Teachers' Retirement Board. If you choose not to have this deduction taken from your survivor allowance or if you will not receive a monthly benefit from the Retirement Board you must pay your premium directly to the city, town, or school district insurance administrator.

Q&A

What should I do if the member's retirement check arrives after he/she has died?

If the member's retirement check arrives after the member's date of death, you must return the check to the Massachusetts Teachers' Retirement Board. The Board staff will determine which portion of that check represents benefits earned by the member from the beginning of the month to the member's date of death. This pro rata share of the member's retirement benefit will be paid to the member's beneficiary or to his/her estate.

For additional information about your survivor benefits, please refer to the subheadings listed below:

Survivor of an Option A Retiree	<i>page 8</i>
Survivor of an Option B Retiree	<i>page 8</i>
Survivor of an Option C Retiree	<i>page 10</i>

Survivor of an Option A Retiree

Q&A

I am the spouse of a member who retired under Option A. Is there any way in which I could receive a survivor benefit?

If your spouse retired under Option A and died within thirty days of his/her effective retirement date, you will be eligible to receive either a lump sum payment of the balance in your spouse's Annuity Savings Account or a monthly survivor benefit. The survivor benefit that you will receive is equal to two-thirds of the allowance the member would have received if he/she retired under Option C.

Survivor of an Option B Retiree

Q&A

I am the survivor of an Option B retiree. How is the amount of my lump sum payment determined?

Each member of the Massachusetts Teachers' Retirement System contributes a percentage of his/her salary to the system while he/she is employed. These contributions, plus any interest which may accumulate on these contributions, are deposited into an Annuity Savings Account established in the member's name. When a member chooses to receive an Option B retirement allowance, his/her allowance is approximately 3% to 5% smaller than the allowance he/she would have received under Option A. Each year that the Option B retiree receives an allowance, the balance in the retiree's Annuity Savings Account is reduced by an amount that represents the annuity portion of his/her allowance. Upon the death of an Option B retiree, any amount that remains in the Annuity Savings Account is paid in a lump sum to a beneficiary.

Q&A

How long does it take before an Option B retiree's Annuity Savings Account is depleted?

Generally, it takes approximately sixteen years of retirement to deplete the Annuity Savings Account of an Option B retiree. If a retiree dies after his/her Annuity Savings Account is depleted, no payment will be made to a beneficiary.

Q&A

When will I receive my lump sum payment?

In order for the Teachers' Retirement Board to process your Option B payment, you must complete a Beneficiary Claim Form. This form, along with a copy of the member's death certificate, must be returned to the Teachers' Retirement Board. Once these documents are received by the Board, you will receive your lump sum payment in approximately 60 days.

Q&A

Who will receive the lump sum payment if the member failed to designate an Option B beneficiary or if the individual designated as the beneficiary is deceased?

If the individual who was designated as the Option B beneficiary is deceased or if the member failed to name a beneficiary, any amount that remains in the member's Annuity Savings Account at the time of his/her death will be paid to the administrator or executor of the deceased member's estate. In order for the Teachers' Retirement Board to process a payment to the estate, the Retirement Board must receive a copy of the death certificate and the administrator's or executor's Letter of Appointment. If an administrator or executor has not been appointed by the Probate Court, the member's

heirs must sign a Release of Claim Form which designates the individual who will receive the lump sum payment.

Q&A

I am the spouse of a member who retired under Option B. Is there any way in which I could receive a monthly survivor benefit?

If your spouse retired under Option B and died within thirty days of his/her effective retirement date, you will be eligible to receive a monthly survivor benefit. The survivor benefit that you will receive is equal to two-thirds of the allowance the member would have received if he/she retired under Option C.

Survivor of an Option C Retiree

Q&A

I am the survivor of an Option C retiree. How will the Teachers' Retirement Board determine the amount of my monthly survivor allowance?

As the survivor of an Option C retiree, you will receive a survivor allowance which is equal to two-thirds of the Option C retirement allowance that the member was receiving at the time of his/her death.

Q&A

When will I receive my first survivor check?

In order to process your claim for Option C survivor benefits, you must complete a Beneficiary Claim Form and an Internal Revenue Service's Retiree's Withholding Preference Form (W4P Form). These forms, along with a copy of the member's death certificate, must be returned to the Teachers' Retirement Board. If these documents are returned promptly, you will receive

your first survivor check by the last day of the month following the month of the member's death.

Q&A

If I remarry, will the amount of my Option C survivor benefit be adjusted?

No. Your marriage will have no effect on the amount of the survivor allowance that you will receive from the Teachers' Retirement Board.

Q&A

The individual who was designated by the member as the Option C beneficiary is deceased. Who will receive the monthly survivor benefit?

The Option C survivor benefit can only be paid to the individual designated by the member as the Option C beneficiary. If the Option C beneficiary is deceased, no payments will be made after the death of the member.

Q&A

Will I have to pay federal taxes on my survivor's allowance?

Yes. The amount of federal tax that you will pay on your Option C survivor allowance and the method that you will use to determine your tax liability depends on the retirement date of the deceased member. If the member retired before July 1, 1986, he/she was eligible to use the Three-Year Recovery Rule to determine the tax liability on his/her retirement allowance. Under the Three-Year Recovery Rule, retirees could exempt their entire retirement allowance from taxation until they recovered the amount of their contributions in retirement benefits. Generally, retirees using the Three-

Year Recovery Rule could exempt their entire retirement allowance from taxation for a period of fourteen to sixteen months. If the member recouped his or her contributions before he/she died, your entire Option C survivor allowance will be taxable by the federal government. Alternatively, if the member died before he/she recouped his or her contributions, you will be able to exempt from taxation an amount that equals the amount of the member's unrecovered contributions.

The Tax Reform Act of 1986 abolished the Three-Year Recovery Rule as of July 1, 1986. Thus, members who retired after July 1, 1986 must use the General Rule to determine the tax liability on their retirement allowance. Under the General Rule, a member's entire retirement allowance is taxable immediately upon retirement. A small portion of the retirement allowance, however, remains tax-free each year. The amount of this tax-exempt portion depends upon the amount of the member's contributions to the system and the life expectancy of both the member and the beneficiary as determined by actuarial tables.

If the retired member used the General Rule to determine the tax liability of his/her retirement allowance, the tax-exempt portion of your Option C survivor allowance will be identical to the tax-exempt portion claimed by the member when he/she was alive. You can learn more about the General Rule by obtaining both the Internal Revenue Service's Publication 575: Pension and Annuity Income and the Teachers' Retirement Board's Worksheet on the Application of the General Rule on Option C Benefits.

Q&A

Can I have federal income taxes deducted from my survivor benefit?

The Massachusetts Teachers' Retirement System is required by law to withhold federal taxes from all survivor allowances unless a survivor notifies us in writing that he/she does not wish to have taxes withheld. Before you receive your survivor benefit, you will be asked to complete a Retiree's Withholding Preference Form (W4P Form). This form will ask you to indicate the amount of tax that you wish to have withheld. If the Teachers' Retirement Board does not receive a W4P Form from you, we are required to withhold taxes as if you were a married person with three exemptions.

Q&A

Will I have to pay state income taxes on my survivor allowance?

Your Option C survivor allowance will be exempt from taxation by the Commonwealth of Massachusetts.

Q&A

Will cost-of-living adjustments be added to my survivor allowance each year?

Cost-of-living adjustments are granted to retired members and survivors of the Teachers' Retirement System by an annual vote of the Massachusetts Legislature. Members and survivors are first eligible to receive a cost-of-living adjustment on the July 1st of the second calendar year following the member's date of retirement. If a cost-of-living adjustment is granted by the Legislature, the adjustment will be reflected in your survivor benefit for the month of July.

Q&A

Will the Teachers' Retirement Board check to see if I am eligible to receive a survivor benefit?

Massachusetts retirement law requires all survivors to annually file an affidavit verifying their eligibility to receive a survivor benefit. Each year, the Massachusetts Teachers' Retirement Board will contact you and ask you to sign a statement, under the penalties of perjury, declaring your continued eligibility to receive an Option C survivor benefit.

Q&A

Can I have my survivor check directly deposited into my savings or checking account?

Direct deposit is available to all members and survivors of the Teachers' Retirement System. If you would like to have your survivor check directly deposited into your checking or savings account, you must complete a Direct Deposit Authorization Form. This form is available upon request to the Teachers' Retirement Board.

AS THE SURVIVOR OF A MEMBER RETIRED FOR DISABILITY

Q&A

I am the survivor of a disabled retiree. Am I entitled to survivor benefits?

You may be eligible to receive survivor benefits from the Massachusetts Teachers' Retirement Board. Your eligibility for benefits will be determined by two factors: the type of disability benefit that the member received and the option the member chose at the time of his/her retirement.

Two types of disability benefits are available to members of the Teachers' Retirement System. Ordinary disability benefits are available to members who become permanently and totally disabled due to a sickness or injury that was not job-related. Accidental disability benefits are available to members who become permanently and totally disabled as a result of an injury or hazard that was sustained while working.

Members who are granted ordinary disability benefits by the Retirement Board can choose to take their disability benefit under any of the three retirement options. Option A gives the member the highest possible retirement allowance. Option A, however, leaves no benefit for a survivor. Option B provides the member with a retirement allowance that is approximately 3% to 5% less than an Option A allowance. Upon the death of an Option B retiree, any funds that remain in the member's Annuity Savings Account will be paid in a lump sum to a beneficiary. The final option, Option C, pays the smallest retirement allowance to the retired member. Option C, however, provides a survivor with a monthly benefit for the rest

of his/her life.

Members who are granted accidental disability benefits are limited in their choice of retirement options. Members retiring under accidental disability can only take their benefit under Options A or B.

For additional information about your survivor benefits, please refer to the subheadings listed below:

Survivor of a Member Retired Under Ordinary Disability. . . . page 17

Survivor of a Member Retired Under Accidental Disability . . . page 18

Survivor of a Member Retired Under Ordinary Disability

Q&A

I am the surviving spouse of a member retired under ordinary disability. At the time of retirement, my spouse chose Option A. Is there any way in which I could receive a survivor benefit?

If your spouse chose to receive his/her ordinary disability benefit under Option A and died within thirty days of his/her effective retirement date, you will be eligible to receive either a lump sum payment of the balance in the member's Annuity Savings Account or a monthly survivor benefit. The survivor benefit that you will receive is equal to two-thirds of the allowance your spouse would have received if he/she had received a normal retirement allowance under Option C.

Q&A

I am the survivor of a member retired under ordinary disability. At the time of retirement, the member chose Option B. What type of benefit will I receive?

Your Option B survivor benefit will be identical to the Option B survivor benefit paid to the beneficiary of a member who received a normal retirement benefit. Please refer to pages 8 - 10 under the section titled "Survivor of an Option B Retiree" for a description of your survivor benefit.

Q&A

I am the survivor of a member who retired under ordinary disability and chose to receive an Option C benefit. What type of survivor benefit will I receive?

Your Option C survivor benefit will be identical to the Option C survivor benefit paid to the benefi-

ary of a member who received a normal retirement benefit. Please refer to pages 10 - 14 under the section titled "Survivor of an Option C Retiree" for a description of your survivor benefit.

Survivor of a Member Retired Under Accidental Disability

Q&A

A member who retires under accidental disability does not have the choice of receiving his/her disability retirement allowance under Option C. Is there any way in which a surviving spouse can receive a monthly benefit?

If your spouse died as a result of the injury or condition that precipitated his/her accidental disability retirement, you may be eligible to receive accidental death benefits. If you are granted accidental death benefits by the Retirement Board, you will receive a monthly accidental death payment.

The annual amount of your monthly accidental death payment will equal the pension portion of your spouse's accidental disability benefit. You will also receive an annual benefit of \$312.00 for each child who is under age eighteen or under age twenty-one if a full-time student. Children who are physically or mentally incapacitated from earning will receive a lifetime benefit.

Q&A

How do I apply for accidental death benefits?

If you wish to apply for accidental death benefits, you should call the Teachers' Retirement Board and ask to speak with a retirement counselor. He/she will mail you an Application for Accidental Death Benefits. In addition to filing an Applica-

tion for Accidental Death Benefits, you will be required to supply information which supports your claim that your spouse died of the injury or condition that precipitated his/her accidental disability retirement.

Q&A

I am the survivor of a member retired under accidental disability. If I do not qualify for accidental death benefits, will I be eligible to receive any type of benefit?

If you do not qualify for accidental death benefits you will be eligible for a monthly benefit of \$250.00. This benefit, which you will receive until such time that you remarry, will be paid to you in lieu of any other benefit which you may be entitled to receive as a surviving spouse.

Notes

